

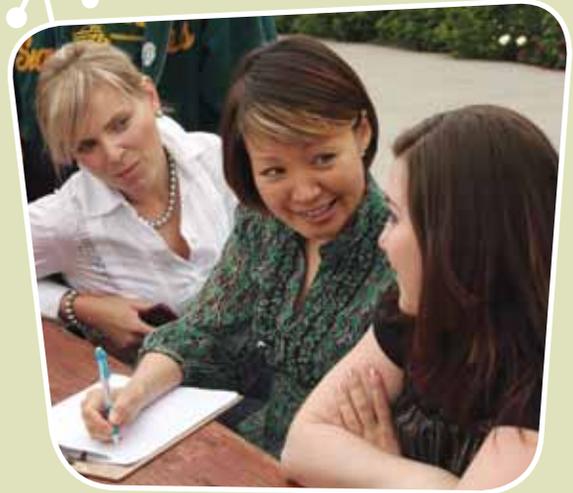
**Has a friend or relative asked
you to cosign for a loan?**

**Make sure you understand
what cosigning means
before you decide.**

For More Information

The Federal Trade Commission (FTC) works on behalf of the consumer to spot, stop, and avoid fraudulent, deceptive, and unfair business practices in the market place. To get free information on consumer issues such as cosigning a loan, visit ftc.gov or call toll free 1-877-FTC-HELP (1-877-653-4261).

Cosigning a Loan



Alaska Advantage Programs

Federal Lender ID: 826966

PO Box 110505
Juneau, AK 99811-0505
(800) 441-2962 (toll free)
465-2962 (in Juneau)
(907) 465-3143 TTY

Alaska Advantage Programs
ALASKA COMMISSION ON POSTSECONDARY EDUCATION

www.AKadvantage.alaska.gov

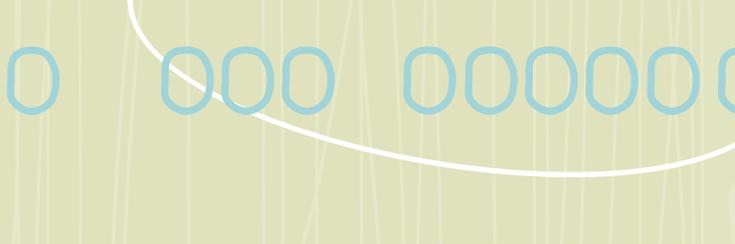


Understanding What It Means to Cosign a Loan

You are being asked to guarantee a debt; think carefully before you do. If the borrower does not repay the loan, you will have to. Be sure that you can afford to pay if it becomes necessary, and that you are willing to accept this responsibility.

You may have to pay up to the full amount of the debt if the borrower does not pay, dies, or becomes disabled. You may also be responsible for interest, late fees, or collection costs which could increase this amount.

The creditor can use the same collection methods with you, the cosigner, that can be used with the borrower, such as suing you, garnishing your wages or Permanent Fund Dividend, and placing liens on property. If this debt becomes delinquent, that fact may become part of your credit record.



If You Do Cosign...

There may be times when you want to cosign. Your child may need a first loan, or a close friend may need help. Before you cosign, please consider this information.

- ◆ Be sure you can afford to repay the loan. If you are asked to pay and can't, you could be sued, your wages and assets could be garnished, and your credit rating could be damaged.
- ◆ Even if you're not asked to repay the debt, your liability for the loan may impact your ability to get other credit because creditors will consider the cosigned loan to be your financial obligation.
- ◆ Make sure you get copies of all important documents. You may need this documentation if the primary borrower fails to pay.
- ◆ Be sure to stay in touch with the primary borrower and with the Alaska Commission on Postsecondary Education.

A Cosigner's Responsibility

The standard loan term for an Alaska Supplemental Education Loan (ASEL) is 10 years.

Because education loans do not require repayment until the borrower leaves school, the entire loan life may exceed 15 or 20 years. You should understand that your commitment to pay on someone else's behalf will last for the life of the loan, 10 years or longer (depending on the borrower's payment habits).

You should also know that interest is charged on the ASEL beginning when the funds are sent to the borrower's school. Your repayment obligation is for the entire amount of the loan, including interest.

